

VIA AIR
(Specify Air or Sea Route)

DISPATCH NO. EGMA-5772
201-29656

CLASSIFICATION

TO : Chief of Base, Munich
ATTN: Philip D. Holderness
FROM: Chief, SR

DATE 1 MAR 58
INFO: COS/G

SUBJECT (GENERAL : Operational/REDWOOD/LCIMPROVE/AEBATH
SPECIFIC : Status of AECAPELIN-1

References: A. EGMA-31939, 6 February 1958
B. EGMA-5525, 22 January 1958

*NOT SENT PER
F.O. []*

Action Required: In accordance with paragraph 5 below.

1. We agree that AECAPELIN-1 can still be operationally useful in the Munich area, and we appreciate the fact that your Base would be rather loathe to lose as prolific and as good a source as Subject. We also agree with your security assessment of Subject's status as far as you have expressed it. Our thinking on this case, much as yours, is predicated on two factors: Subject is a good source, and, secondly, we should like to protect him so that he could be exploited on a long-range basis.

2. With the above as a frame of reference, we still feel - as presented in paragraph 1 of Reference B - that Subject should be removed from Germany. Basically, our security objections to his remaining in Munich, or anywhere in Germany, can be broken down into two general categories, which we will merely touch on, rather than fully develop.

a. With the constant growth of German independence, we feel that one day, not too far off, the Germans might decide to take over the complete control of Subject. Because of his legal status in Germany, it would appear that Subject would have little choice but to cooperate fully. This, obviously, would cut him off from us. You are, of course, in a better position to assess more precisely than we, when the German renaissance independence will reach the point at which the Germans would be willing to take the chance of jeopardizing their relations with us by brazenly taking over one of our agents; on the other hand, they could claim - and with some justification - that they had had a prior interest in this particular individual.

CLASSIFICATION

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SOURCES/METHODS EXEMPTION 3028
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

b. Although we agree with you that were the Soviets to approach Subject he would conduct himself in a proper professional and loyal manner, this is not, we feel, the major consideration. As mentioned in paragraph 1 of Reference B, Subject is in a particularly vulnerable position because of his Church connections. If the Soviets chose to do so (and it may be a matter of "when" rather than "if"), they can initiate a PP play by publicizing Subject, through one of their media, as an American spy, and his Church connections as being a "hot-bed of American espionage". As you can readily see, any such action on their part would have fairly serious repercussions on GURKE, and could turn out to be catastrophic for Subject personally since it might mean his being discharged from his professional duties with little chance of re-instatement. Since we presume the KIS are, and have been, gathering firm evidence for some years, we feel that Subject's continued activity in Munich will merely add fuel to what the KIS already have and might supply the "last straw" which they may have been waiting. Subject's moving away from Munich might preclude the Soviets getting the "final link" of proof, or - should they decide to surface him anyway - the repercussions on him personally might lose some effectiveness because of his being away from the "scene of his crimes" and away from the individuals who presumably would be named as "witnesses".

c. Another point which runs parallel to paragraph b above is that with continued activity in Munich, Subject's activities on our behalf might become publicized through individuals or organizations not connected with the KIS, but the results of such publicity might have the same effects as mentioned above.

3. Because of Subject's position, and based on the reasoning in paragraph 2 b above, we feel it is quite improper to compare him with such intentionally semi-overt operatives as [redacted], et al. nor to consider him for any such role.

4. In Reference A you mention that your Base can probably use Subject more productively than other Stations might. This, in our opinion, does not completely express the situation since we feel that an agent of Subject's calibre would be of extensive value in an area where no migration sources exist, whereas you have other sources which could be utilized. Comparing his continued activity in Munich and his working in a new area, it would appear that the latter might be more fruitful from the KUBARK over-all point of view.

5. In Reference B we mentioned that we had had informal discussions with the French Desk. Since that time, [redacted] has briefly discussed this problem with the Chief of Operations of the [redacted] (who had been at Headquarters on TUY), and the latter indicated that he had no objections in principle to formalizing these discussions. We are now on the

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point of doing this, but do not insist. Wait any negotiations until we are certain that both you and ARCAPSILIN agree on the advisability of his moving to Paris. Accordingly, please discuss this with the agent and apprise us by cable of your and his decision. We agree that you do this as soon as practicable since further discussion of this matter is academic until his preferences are determined.

6. Although we mentioned this in Reference B, we should like to underscore the fact that this project will apparently not be approved after the expiration of the present term unless the agent is transferred out of Munich. The only alternative to transfer is termination. A further word on this follows in a separate dispatch.

7. Should you, despite the correspondence on this subject, decide that ARCAPSILIN is indispensable to your Station's operations for a given period of time after the expiration of the present authority, then the documentation of your position when you submit a new Field Project Outline, would necessarily have to be sufficiently convincing to ensure approval of your plan.

Distributions:
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